Brown, Brian (TM)

From: Brown, Brian (TM)
Sent: Tuesday, February 01, 2011 10:47 AM
To: Roth, Jason
Subject: FW: Small Business Study

From: TMFeedback
Sent: Friday, January 07, 2011 4:36 PM
To: Brown, Brian (TM)
Subject: RE: Small Business Study

And more are coming.

(This is from Craig, but I am just going to forward them directly from this mailbox).

From: Brown, Brian (TM)
Sent: Friday, January 07, 2011 2:38 PM
To: TMFeedback
Subject: RE: Small Business Study

Thanks.

From: TMFeedback
Sent: Friday, January 07, 2011 2:36 PM
To: Brown, Brian (TM)
Subject: FW: Small Business Study

From: Phil Corwin (b)(6)
Sent: Friday, January 07, 2011 1:51 PM
To: TMFeedback
Subject: Small Business Study

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Washington, D.C. 20004-1701

202-347-6875

Philip S. Corwin, Partner

(b)(6)

January 7, 2011

By e-mail to: TMFeedback@uspto.gov

Subject: "Small Business Study"

U.S. Patent and Trademark Office

600 Dulany Street

Alexandria, VA 22314-5796

Dear U.S. Patent and Trademark Office:

This comment letter is submitted by the Internet Commerce Association (ICA) in regard to your October 5, 2010 notice inviting public comment on the extent to which small businesses may be harmed by litigation tactics employed by corporations attempting to enforce trademark rights beyond a reasonable interpretation of the scope of their rights.

ICA is a not-for-profit trade association representing the domain name industry, including domain registrants, domain marketplaces, and direct search providers. Its membership is composed of domain name registrants who invest in domain names (DNs) and develop the associated websites, as well as the companies that serve them. All of these entities, both individuals and companies, qualify as small businesses. Despite the relatively small size of their organizations, ICA's members collectively own or manage approximately ten percent of all currently registered generic domain names.

Executive Summary

- **ICA members are most likely to be the recipient of a cease and desist (C&D) demand in conjunction with the threatened filing of a UDRP action with an ICANN-accredited arbitrator; adverse UDRP decisions against U.S. registrants may be appealed under federal law.**
- **Many such C&D letters or UDRP actions are based upon unreasonable trademark claims.**
- **The USPTO can best alleviate this situation by urging appropriate officials of the Department of Commerce to support unfolding efforts within ICANN to implement meaningful and balanced UDRP reform.**

Discussion

ICA's member Code of Conduct takes a strong stand against "cybersquatting". Its relevant provision states:

> **Protection of Intellectual Property Rights:** A registrant shall follow accepted trademark law and respect the brands and trademarks of others. Members will not intentionally and in bad faith register and use a domain name that is identical or confusingly similar to a trademark or service mark. Registrants shall respond promptly to legitimate disputes relating to alleged infringement

of intellectual property rights.

In this spirit, ICA has supported action by the Internet Corporation for Assigned Names and Numbers (ICANN) to curb practices that may abet cybersquatting, such as successful measures undertaken by ICANN that have effectively eliminated abusive domain "tasting". We have also supported a balanced approach to trademark protection that has led to the incorporation of new consensus rights protection measures in the pending final Applicant Guidebook for new generic top level domains (gTLDs) promulgated by ICANN.

Although a U.S. law, the Anticybersquatting Consumer Protection Act of 1999 (ACPA; Public Law 106-113), may be utilized in instances where a trademark owner believes that a domain is infringing its trademark, the ACPA is not utilized in the vast majority of domain name disputes due to the time and expense involved in bringing Federal litigation. Rather, domain name registrants are far more likely to become aware that a domain is being accused of alleged infringement upon receipt of a cease and desist letter demanding that the domain be transferred to the aggrieved rights holder lest it file an administrative action with an accredited provider of arbitration proceedings under ICANN's Uniform Dispute Resolution Policy (UDRP), or upon receipt of a notice from such an accredited provider that a UDRP has in fact been filed against the registrant and that near-term response is required.

The Federal connection to the UDRP is that it is both a substitute for litigation brought under the ACPA, and that the ACPA provides the only means of appeal for a U.S. domain registrant dissatisfied with the result of a UDRP proceeding.

While about two-thirds of total UDRP claims result in default judgments because the registrant never responds (with most, but not all such judgments favoring complainants), the remaining third are contested and registrants prevail in about half of those arbitrations. ICA members report being the victims of clearly unreasonable C&D letters or UDRP filings, often in instances where the rights holder has apparently decided that it is less expensive to employ abusive legal tactics than to offer a market price for a non-infringing domain, as well as in instances in which the registrant has rejected a reasonable offer to purchase the domain. In other instances the complainant has already registered a domain whose name is identical to their trademark but has targeted a registrant who, absent bad faith registration and use, owns an identically named domain at a TLD (especially .com) more likely to attract direct search type-in traffic.

The lack of consistency and predictability in UDRP proceedings encourages such abusive tactics, and those employed by trademark owners against domain registrants include:

- Registering a trademark that is identical to domain name years after the domain was initially registered, and then basing a C&D demand or UDRP action upon that much later trademark registration.
- Bringing actions against domains that are generic, dictionary words and where there is no bad faith registration and use.
- Purchasing key words so as to generate infringing, third party-provided ads at a targeted domain and then basing the C&D or UDRP upon the alleged infringement caused by the trademark owner's action.

While the current UDRP regime permits a panelist or three-member panel to find that a complainant has engaged in "reverse domain name hijacking" – that is, attempted theft of a domain through an arbitration filing lacking any reasonable basis – no adverse consequences flow to a complainant from such a finding and hence it provides no effective deterrent against repeated abuse of the UDRP process. Again, as these practices occur primarily in conjunction with an ICANN-sanctioned arbitration procedure, even though

they may be based upon U.S. trademarks and the ACPA may be the applicable law of appeal, the U.S. government has a limited role to play in addressing such abuses. That said, the National Telecommunications and Information Administration (NTIA) is the principal locus of U.S. Internet policy, including participation in and monitoring of ICANN activities, and NTIA/Department of Commerce personnel regularly participate in the activities of ICANN's Governmental Advisory Committee (GAC).

Given this continuing relationship with ICANN, ICA would urge the Department of Commerce, including both USPTO and NTIA, to support efforts to undertake comprehensive and balanced UDRP reform by ICANN. Such reform should further the legitimate rights of both complainants and registrants.

We would note that ICANN's Business Constituency recently filed a statement opposing any additional accreditations of UDRP providers by ICANN until it establishes a standard agreement with all UDRP providers to better assure consistency and predictability in their decisions; ICANN has no current contractual agreement with UDRP providers nor, so far as we can tell, conducts any systematic oversight of their activities. Similarly, ICANN's Registration Abuse Policy Working Group (RAPWG) has recently urged ICANN to undertake UDRP reform. For our part, ICA has written to ICANN to note the growing gap between developing trademark law applicable to the Internet versus UDRP policy and practice, and have urged ICANN to employ an expert and neutral third party to study this matter and make recommendations for reforms that would bring UDRP standards into better alignment with evolving jurisprudence.

The subject of the status of the UDRP has been on the agenda at ICANN Board meetings during the last half of 2010, but the Board has failed to undertake even initial discussion of this critical matter for ICA members. Therefore, we would urge the U.S. government, through the Department of Commerce, to communicate with ICANN's Board and urge them to begin grappling with the subject early in 2011.

Thank you for your consideration of our views. We would be happy to provide whatever additional information you would find useful to assist you in this important undertaking.

Sincerely,

Philip S. Corwin

Counsel, Internet Commerce Association

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"Luck is the residue of design." **– Branch Rickey**